

AGREEMENT BETWEEN  
THE GOVERNMENT OF THE UNITED STATES OF AMERICA  
AND THE REPUBLIC OF ECUADOR  
REGARDING THE CONSOLIDATION AND RESCHEDULING OF  
CERTAIN DEBTS OWED TO, GUARANTEED BY, OR INSURED BY  
THE UNITED STATES GOVERNMENT AND ITS AGENCIES

The Government of the United States of America (the "United States") and the Republic of Ecuador ("Ecuador") agree as follows:

*RF*

*[Signature]*  
*RAH*

ARTICLE I

Application of the Agreement

1. In accordance with the recommendations contained in the Agreed Minute on the Consolidation of the Debt of the Republic of Ecuador, signed at Paris on June 13, 2003 (hereinafter referred to as the "Minute"), by representatives of certain nations, including the United States (hereinafter referred to as the "Participating Creditor Countries"), and by the representative of Ecuador, and in accordance with the applicable domestic laws of the United States and Ecuador, the United States and Ecuador hereby agree to consolidate and reschedule certain Ecuadorian payments with respect to debts which are owed to, guaranteed by, or insured by the United States Government and its Agencies.
2. This Agreement will be further implemented by a separate agreement ("the Implementing Agreement") between the United States and Ecuador with respect to PL-480 agreements, which are administered by the United States Department of Agriculture ("USDA"). With respect to amounts due to the Department of Defense ("DoD"), the Export-Import Bank of the United States ("Ex-Im Bank"), and the United States Agency for International Development ("USAID"), these agencies will notify Ecuador of the amounts rescheduled hereunder, of the repayment schedule of those amounts, and of the appropriate interest rates.

*RH*

*[Signature]*  
*EW*  
*JA*

## ARTICLE II

### Definitions

1. "Agencies" means the DoD, Ex-Im Bank, USAID, and USDA.
2. "Contracts" means those agreements or other financial arrangements that have maturities under:
  - a. Commercial credits guaranteed or insured by the United States and its Agencies, having original maturities of more than one year, and which were extended to the Republic of Ecuador or the Ecuadorian public sector, or covered by the guarantee of payment of the Republic of Ecuador, pursuant to a contract or other financial arrangement concluded before January 1, 1983;
  - b. Loans from the United States and its Agencies, excluding the Agency for International Development ("USAID") direct loans and U.S. Department of Agriculture PL-480 agreements ("USDA PL-480"), having original maturities of more than one year and which were extended to the Republic of Ecuador or the Ecuadorian public sector, or covered by a guaranty of payment of the Republic of Ecuador, pursuant to an agreement concluded before January 1, 1983;
  - c. USAID direct loans or USDA PL-480 agreements having original maturities of more than one year and which were extended to the Republic of Ecuador or the Ecuadorian public sector, or covered by a guaranty of payment of the Republic of Ecuador, pursuant to an agreement concluded before January 1, 1983;
  - d. Those portions of the bilateral debt rescheduling agreements between the United States and Ecuador signed on January 19, 1995 ("1995 Rescheduling Agreements") applicable to the USAID housing loan guarantees, DOD loans, and Ex-Im Bank loans rescheduled thereunder;
  - e. Those portions of the bilateral debt rescheduling agreements between the United States and Ecuador signed on July 30, 1992 ("1992 Rescheduling Agreements") applicable to

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the USAID housing loan guarantees, DOD loans, and Ex-Im Bank loans rescheduled thereunder;

f. Those portions of the 1995 Rescheduling Agreements applicable to the USAID direct loans and USDA PL-480 agreements rescheduled thereunder; and

g. Those portions of the 1992 Rescheduling Agreements applicable to the USAID direct loans and USDA PL-480 agreements rescheduled thereunder.

Debt service due as a result of debts described above and effected through special payment mechanisms or other external accounts is covered by this Agreement.

A table listing the relevant Contracts to be included under this rescheduling is attached hereto as Annex A.

3. "Ecuadorian public sector" means those enterprises in which, as of June 13, 2003, the Republic of Ecuador was directly or indirectly a majority shareholder (more than 50%).

4. "Consolidated ODA Debt" means 100 percent of the sum of unpaid principal falling due between March 1, 2003 and September 30, 2003, inclusive, with respect to the Contracts specified in Paragraphs 2(c), 2(f), and 2(g) of this Article and 50 percent of the sum of unpaid principal falling due between October 1, 2003 and March 31, 2004, inclusive with respect to the Contracts specified in Paragraphs 2(c) and 2(g) of this Article.

5. "Deferred ODA Debt" means 50 percent of the sum of unpaid principal falling due between October 1, 2003 and March 31, 2004, inclusive with respect to the Contracts specified in Paragraphs 2(c) and 2(g) of this Article.

6. "Consolidated non-ODA Debt" means 100 percent of the sum of unpaid principal falling due between March 1, 2003 and September 30, 2003, inclusive with respect to the Contracts specified in Paragraphs 2(a), 2(b), 2(d) and 2(e) of this Article and 50 percent of the sum of unpaid principal falling due between October 1, 2003 and March 31, 2004, inclusive with respect to the Contracts specified in Paragraphs 2(a), 2(b), and 2(e) of this Article.

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7. "Deferred non-ODA Debt" means 50 percent of the sum of unpaid principal falling due between October 1, 2003 and March 31, 2004, inclusive with respect to the Contracts specified in Paragraphs 2(a), 2(b), and 2(e) of this Article.

8. "Interest" means interest payable on Consolidated non-ODA Debt, Deferred non-ODA Debt, Consolidated ODA Debt and Deferred ODA Debt in accordance with the terms of this Agreement. Interest shall accrue beginning on the due dates specified in the Agreement for the payments of principal comprising Consolidated non-ODA Debt, Deferred non-ODA Debt, Consolidated ODA Debt and Deferred ODA Debt accruing at the rates set by the respective creditor agencies.

9. "Additional Interest" means interest accruing at rates set forth by the respective creditor agencies in this Agreement on due but unpaid installments of Consolidated non-ODA Debt, Deferred non-ODA Debt, Consolidated ODA Debt, Deferred ODA Debt, and Interest beginning on the respective due dates for such installments as established by this Agreement and continuing to accrue until such amounts are repaid in full.

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ARTICLE III

Terms and Conditions of Payment

1. Ecuador agrees to repay the Consolidated ODA Debt in United States dollars in accordance with the following terms and conditions:

(a) Consolidated ODA Debt shall be repaid in twenty (20) equal and successive semi-annual installments payable on March 15 and September 15 of each year, commencing on March 15, 2014 and ending on September 15, 2023.

(b) The rate of Interest and Additional Interest on Consolidated ODA Debt shall be as follows for the United States and its Agencies:

(i) For USAID direct loans, the rate of Interest shall be fixed according to a weighted average at 2.99 percent per year.

(ii) For USDA PL-480 agreements, the rate of Interest shall be fixed at 4.00 percent per year.

(c) Interest with respect to Consolidated ODA Debt shall be paid on March 15 and September 15 of each year, commencing on March 15, 2004.

A table summarizing the amount of Consolidated ODA Debt owed to the United States and its Agencies is attached hereto as Annex B.

2. Ecuador agrees to repay the Deferred ODA Debt in United States dollars in accordance with the following terms and conditions:

(a) Deferred ODA Debt shall be repaid on March 31, 2004.

(b) The rate of Interest on Deferred ODA Debt shall be the same as that set forth in Article III, paragraph 1(b) of this Agreement.

(c) Interest with respect to Deferred ODA Debt shall be paid on March 31, 2004.

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A table summarizing the amount of Deferred ODA Debt owed to the United States and its Agencies is attached hereto as Annex C.

3. Ecuador agrees to repay the Consolidated non-ODA Debt in United States dollars in accordance with the following terms and conditions:

(a) Consolidated non-ODA Debt shall be repaid in thirty (30) successive semi-annual installments payable on March 15 and September 15 of each year, with the first payment to be made on March 15, 2007. Payments shall be made in accordance with the following schedule:

0.44% on March 15, 2007;	0.58% on September 15, 2007;
0.74% on March 15, 2008;	0.90% on September 15, 2008;
1.07% on March 15, 2009;	1.25% on September 15, 2009;
1.43% on March 15, 2010;	1.62% on September 15, 2010;
1.82% on March 15, 2011;	2.02% on September 15, 2011;
2.22% on March 15, 2012;	2.43% on September 15, 2012;
2.64% on March 15, 2013;	2.86% on September 15, 2013;
3.08% on March 15, 2014;	3.30% on September 15, 2014;
3.53% on March 15, 2015;	3.76% on September 15, 2015;
4.00% on March 15, 2016;	4.23% on September 15, 2016;
4.48% on March 15, 2017;	4.72% on September 15, 2017;
4.97% on March 15, 2018;	5.22% on September 15, 2018;
5.47% on March 15, 2019;	5.72% on September 15, 2019;
5.98% on March 15, 2020;	6.24% on September 15, 2020;
6.51% on March 15, 2021;	6.77% on September 15, 2021.

(b) The rate of Interest and Additional Interest on Consolidated non-ODA Debt for the United States and its Agencies shall be approximately:

(i) For Ex-Im Bank debt, the rate of Interest shall be the per annum rate for each Interest Period, as defined in Annex I, determined by Ex-Im Bank to be one-half of one percent (1/2%) over the interest rate applicable to U.S. Treasury six-month borrowings, which is in effect on the first day of the Interest Period. For the Interest Period from March 1, 2003 through September 14, 2003, the annual rate shall be 2.44%. For the Interest Period from September 15, 2003 through March 14, 2004, the annual rate shall be 2.44%. For each subsequent Interest Period, Ex-Im Bank shall notify Ecuador of the appropriate per annum rate

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for such period. The interest rate for Additional Interest will be determined as defined in Annex I, paragraph E.

(ii) For DoD, the rate of Interest shall be the rate as determined by the Department of the Treasury, Office of Public Debt Accounting, for a 18 year and 6 month maturity in effect as of the date of entry into force of this Agreement, plus an administrative cost of one-eighth of one percent. As of April 2004, the interest rate is approximately 4.88 percent.

(iii) For the USAID Housing Guaranty program, the rate of Interest shall be the rate as determined by the Department of the Treasury, Office of Public Debt Accounting, for a 17 year and 6 month maturity in effect as of the date of entry into force of this Agreement, plus an administrative cost of one-eighth of one percent. As of April 2004, the interest rate is approximately 4.75 percent.

(c) Interest, with respect to Consolidated non-ODA Debt shall be paid on March 15 and September 15 of each year, commencing on March 15, 2004.

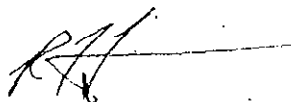
A table summarizing the amount of Consolidated non-ODA Debt owed to the United States and its Agencies is attached hereto as Annex D.

4. Ecuador agrees to repay the Deferred non-ODA Debt in United States dollars in accordance with the following terms and conditions:

(a) Deferred non-ODA Debt shall be repaid on March 31, 2004.

(b) The rate of Interest on Deferred non-ODA Debt shall be the same as that set forth for each Agency in Article III, paragraph 3(b) of this Agreement;

(i) For Ex-Im Bank the rate of interest for the period from October 1, 2003 through March 30, 2004 shall be 2.44%.





(c) Interest with respect to Deferred non-ODA Debt shall be paid on March 31, 2004.

A table summarizing the amount of Deferred non-ODA Debt owed to the United States and its Agencies is attached hereto as Annex E.

5. On or about 135 days after the execution of this Agreement, or earlier where possible, the United States and its Agencies shall inform Ecuador of the actual amounts to be rescheduled under this Agreement. The United States and Ecuador agree to make any necessary adjustments to the amounts being rescheduled.

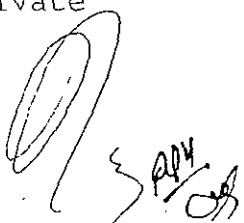
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## ARTICLE IV

### General Provisions

1. The terms of the present Agreement will apply provided that Ecuador maintains satisfactory relations with Participating Creditor Countries and the International Monetary Fund (IMF).
2. Ecuador agrees to grant the United States and its Agencies treatment and terms no less favorable than that which it has accorded, or which it may accord, to any other creditor country or its agencies for the consolidation of debts of comparable maturities.
3. Ecuador will seek to secure from external creditors, including banks and suppliers, rescheduling or refinancing arrangements on terms comparable to those set forth in the Minute for credits of comparable maturities and legal nature and will commit to avoid unequal treatment among different creditors.
4. Ecuador agrees to pay all Consolidated ODA Debt, Deferred ODA Debt, Consolidated non-ODA Debt, Deferred non-ODA Debt, Interest, Late Interest and Additional Interest, if any, to the United States and its Agencies, in U.S. dollars, without any deductions for taxes, fees or other charges or any other costs accruing inside or outside Ecuador.
5. Any principal or interest installments due under this Agreement prior to the date of the signing of this Agreement shall be paid as soon as possible, but not later than 35 days after the signing of this Agreement. Any principal or interest installments paid later than 35 days after the signing of this Agreement will be charged Additional Interest.
6. Ecuador agrees to pay all debt service due and not paid, which is owed to, guaranteed by, or insured by, the United States or its Agencies, but not covered by this Agreement by September 30, 2003, but, in any event, no later than thirty-five (35) days after signature of this Agreement. Late Interest for late payment will be charged on these amounts in accordance with the terms of the respective original agreements.
7. Ecuador agrees to continue to allow unrestricted and immediate access to the foreign exchange required for servicing private



sector debts owed to, guaranteed by or insured by the United States and its Agencies.

8. All terms of the Contracts remain in full force and effect, except as they may be modified by this Agreement.

9. With respect to amounts owing to DoD under this Agreement, Ecuador (referred to as the "Borrower" in Annex H hereto) agrees to the additional terms and conditions set forth in Annex H.

10. With respect to amounts owing to Ex-Im Bank under this Agreement, Ecuador (referred to as the "Government" in Annex I hereto) agrees to the additional terms and conditions set forth in Annex I.

11. With respect to amounts owing to USAID under this Agreement, Ecuador (referred to as the "Government" in Annex J hereto) agrees to the additional terms and conditions set forth in Annex J.

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ARTICLE V  
Suspension or Termination

1. The United States may suspend or terminate this Agreement by giving sixty (60) days written notice to Ecuador. In particular, the United States may terminate all or part of this Agreement if the Participating Creditor Countries jointly determine that Ecuador has not met its obligations under the June 13, 2003 Agreed Minute. If the United States terminates all or part of this Agreement and provides notification to Ecuador of the termination, all debts rescheduled and/or deferred under this Agreement shall be due and payable immediately under the original terms of the contracts.

2. This Agreement may be amended or modified by mutual consent of the United States and Ecuador.

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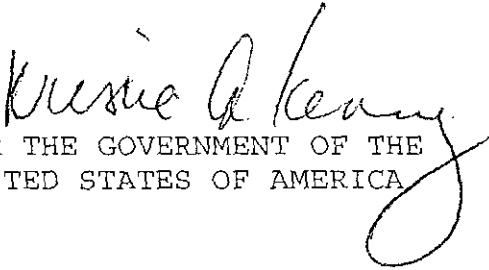
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ARTICLE VI

Entry Into Force

This Agreement shall enter into force following signature of the Agreement and receipt by Ecuador of written notice from the United States that all necessary domestic legal requirements for entry into force of the Agreement have been fulfilled.

Done at Quito, Ecuador, in duplicate in the English language, this 7 day of April, 2005.

  
FOR THE GOVERNMENT OF THE  
UNITED STATES OF AMERICA

  
FOR THE GOVERNMENT OF  
THE REPUBLIC OF ECUADOR